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MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Mr. Hamilton re FY 1956 submission to Bureau of the Budget

1. A meeting was held with Mr. Lyman Hamilton on Monday, May 17 at which the supplemental information desired by the Bureau of the Budget in connection with the fiscal year 1956 submission was discussed at some length. Basically, the following items were discussed:

(1) Health - It was indicated that the material submitted in the fiscal year 1955 budget was adequate and similar information would meet the Bureau of the Budget requirements in the 1956 submission.

(2) Motor Vehicles - It was indicated that the information on these was adequate in the 1955 budget and similar information in the 1956 budget would be adequate.

(3) Construction - Basically, the same type of a report as submitted last year will meet Bureau of the Budget requirements providing information on the number of housing units are included in the estimates. It was also indicated that in connection with the housing units, information concerning the number in use at each location was also desired as a basis for comparison. Although it was not specifically stated the inference was drawn from the conversation that the total housing program at each location where construction is planned would also be desirable.

(4) Administration - A special report comparable to the one prepared in connection with the 1955 budget is desired with the addition that the average employment be presented parallel with the respective amounts. It was also requested that the submission provide a definition as to what was included under the classification "Administration." The question was specifically raised as to whether security operations was included as an element of Administration. It was indicated that as I recalled security was not included as a part of administration last year but that our definition would indicate all types of activities are included in this classification.

(5) Reimbursements and Advances - Mr. Hamilton indicated that the report submitted in connection with the 1955 estimates was not adequate. After discussing the matter rather fully he was shown a copy of the summary report which was prepared in connection with the Congressional Hearings (a duplicated three page report.) He indicated that such a report would be entirely adequate to meet their requirements. In connection with the discussion on reimbursements and advances Mr. Hamilton requested that the associated average employment

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be shown wherever possible particularly in various overt activities such as MIS and similar operations. It was indicated that it might be difficult if not impossible in some instances and it was therefore agreed that if the information was not available it would be satisfactory to so indicate in the form of a footnote. In discussing the need for this particular type of information Mr. Hamilton indicated that it was their intention to seek out a number of other agencies (such as, Agriculture, Commerce, Interior, etc.) to determine what they were doing in the area of Foreign Positive Strategic Intelligence. It was the intention of the Bureau of the Budget not to inquire concerning activities being performed by CIA. He further indicated that if this information was not made available, however, from CIA, it might be necessary to obtain it from the agencies performing the work.

(6) Average Salaries - It was requested that a schedule of average salaries by office be submitted on vouchered employees.

(7) Lapse Analysis - Mr. Hamilton inquired as to what our policy on lapse would be and it was indicated that our call provided for an estimated 3% lapse for the fiscal year 1955 and an estimated 2% lapse for the fiscal year 1956. He then asked the basis for estimating the lapse in filling positions not now filled. It was indicated that through the process of double slotting that it was anticipated that positions would be filled rather promptly and that it would not be necessary to give special attention to positions vacant at the time of submission of the budget. This did not seem to be entirely satisfactory but the matter was not further pursued.

(8) Fiscal and Personnel - Mr. Hamilton requested the submission of regular reports on fiscal and personnel activities in accordance with the call from the Bureau of the Budget and a comparison of unit cost of CIA with those established as government standards. It was pointed out that it was very difficult to get realistic figures under such circumstances and at best these estimates had to be in the category of rough estimates since every office was involved in some way with the clandestine activities of the Agency. Mr. Hamilton countered with the suggestion that such was not the case in the vouchered payroll area but it was indicated that even in this area certain unique problems were encountered. The question was raised that if the internal year to year comparison could effectively be made. It was indicated that such comparison would, I thought, be much more valid. This general problem, however, was not completely resolved and it is believed that we should have some internal discussions to decide what the Agency position should be in this matter.

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(9) Supergrades - It was requested that a schedule of supergrades be submitted and it was indicated that such a schedule could be readily submitted.

(10) Military Personnel - It was requested that an over-all schedule of military be submitted. After discussion it was agreed that the following items be furnished:

Number of officers broken down into reimbursable and non-reimbursable categories

Number of enlisted men and the total military.

This would be furnished by fiscal years and would include the number of individuals and the dollar amount of reimbursables. In connection with the discussion on this schedule it was indicated that it was our hope that the unvouchered and vouchered spread sheets could be made on the same basis, also, that the column headings under 01 would be 01.1 regular, miscellaneous column and total. It was also indicated that it was quite probable that military personnel would not be broken out as a separate column on the spread sheets. No question was raised on this proposal.

(11) Overseas Plans - It was requested that a similar tabulation to the one furnished in connection with the 1955 budget be submitted for the overseas plans area. It was indicated that this tabulation carried organization units in the stub and that the columnar headings were broken down by fiscal years into the sub-headings PM, FI and PP. It was indicated that we would look up the information that was submitted in connection with the budget for 1955 and that this problem might be discussed with them later.

In discussing this entire submission Mr. Hamilton indicated that the submission of this information ahead of time might eliminate the necessity for discussion on these items during the hearings. In the hearings last time certain information involving several of the above items was furnished during the hearings and notes were made by Mr. Hamilton during the hearings. It is obvious, however, that if the information is submitted earlier that questions raised will be more detailed and will be more penetrating than those raised during the hearings last year. It is difficult to say, however, how we could object to furnishing the material ahead of time as has been the case.

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